



ARMY ACQUISITION REFORM



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ARMY STILL BIGGEST USER OF PURCHASE CARD

Statistics provided by Rocky Mountain BankCard Systems continue to show the Army as the leading agency within the Federal Government for card usage, in both dollar and transaction amounts. The Army conducted 1,468,159 million purchase card transactions through August of this fiscal year. If performance continues, the Army will meet its goal of performing 80% of eligible micro-purchases with the purchase card.

PURCHASE CARD versus PURCHASE ORDER

The US Army Audit Agency (USAAA) recently provided a draft report on their study of costs associated with obtaining goods and services with the International Merchant Purchase Authorization Card (IMPAC) versus a purchase order. The study was conducted in response to a request by Dr. Kenneth Oscar, DASA (Procurement), who wanted to know “**how much**” and “**where**” savings occurred when the purchase card was used. An actual time and motion study on the IMPAC and purchase order processes, the results showed the average cost for processing a **purchase order** was \$155 versus a **purchase card** cost of \$63 -- **an average savings of over \$92**. The savings occurred in the following areas: Contracting (46%), Logistics (23%), Resource Management (19%), and Requiring organization (12%).

IMPROVING THE GOVERNMENT PURCHASE CARD

The US Army Audit Agency also made recommendations on how the cost of using a purchase card could be further reduced. These recommendations were adopted by the Acquisition Reform Integrated Process Team on the Purchase Card which briefed its final report of the DoD Purchase Card Acquisition Reform and Financial Management Integrated Process Teams to the DoD Acquisition Reform Senior Steering Group (ARSSG) on 10 September 1996. Some of the major changes include mandatory delegation of micro-purchase authority to user organizations and elimination of formal documentation. (The complete list of recommendations can be found on the Army Acquisition Website at the Army Acquisition Newsletter Notes Page). While some of these initiatives have already been implemented within the Army, others offer additional streamlining opportunities to the Army. A new financial policy issued by the ASA(FM) 16 September 1996, will simplify the accounting and reconciliation of cardholder purchases. The policy change, which requires assignment of a single accounting classification and the establishment of “bulk” reservations of funds for each card, are an instrumental part of the overall effort by the Army to reduce the accounting and disbursement “charges” billed by the Defense Finance and Accounting Services. According to the Army’s purchase card representative, Mr. Bruce Sullivan, once these initiatives are implemented, personnel within user organizations will “prefer” to obtain their goods and services with the use of an IMPAC card instead of initiating purchase requests.